UNITED
NATIONS

DP

Governing Council
of the
United Nations
Development Programme

Distr.
GENERAL

DP/1992/52
19 March 1992

ENGLISH, FRENCH, SPANISH ONLY

Thirty-ninth session
4-29 May 1992, Geneva
Item 6 of the provisional agenda

PROGRAMME PLANNING

Matters relating to the programming cycles

SPECIAL PROGRAMME RESOURCES: PROGRAMMING DOCUMENT FOR SOCIAL DIMENSIONS OF ADJUSTMENT

Report of the Administrator

SPR programming document

Category C:	Other Special and/or New Activities
Sub-Category C6:	Social Dimensions of Adjustment
Earmarking:	$1.3 million

I. GENERAL DESCRIPTION AND PURPOSE

1. This document was prepared in response to Governing Council decision 92/7 of 14 February 1992.

2. In May 1988, the United Nations Development Programme (UNDP), the African Development Bank (AfDB) and the World Bank launched the Social Dimensions of Adjustment (SDA) project in Africa, to respond to the need to integrate poverty and social concerns into the design and implementation of Structural Adjustment Programmes (SAPs). The main objective of the project was to cooperate with African countries to improve the management of macroeconomic and sectoral policy; to design social action programmes and projects which help vulnerable socio-economic groups; to strengthen national information systems to enhance policy and programme formulation; and to promote institution-building and training, integrating social dimensions into the ongoing reform of the policy-making and implementation process.

3. Under the project, advances were realized in response to each of the four objectives. Contributions were made to improve understanding of the social aspects of the adjustment process and to identify the data requirements for improved social policy and planning. Among the main accomplishments were the development of: (a) a conceptual framework paper aimed at clarifying the concepts and methodologies for understanding the links between poverty and structural adjustment; (b) a number of survey modules to measure poverty and to determine the effect of policy change on households; and (c) data analysis plans for analysing survey results. In addition, participating Governments have been supported in their attempts to integrate such social policy objectives as employment and income distribution into the design of their SAP.

4. A 1990 interim evaluation report identified some of the shortcomings of the project. The main issues raised by the report include the need to clarify the relationship between SDA monitoring and capacity-building activities; to determine statistical priorities at the country level; to concentrate project resources on translating methodology into national projects focused on poverty; and to refocus and restructure the project in order to integrate more fully other United Nations system agencies and to foster greater diversity in the approach to SDA.

5. These and other concerns have guided the dialogue among the co-sponsoring agencies on the structure and focus of future activities. It was subsequently decided to terminate the SDA project at the end of the first phase (31 December 1991) and to institute a new country-focused programme which will involve even closer cooperation with African Governments, United Nations system agencies, the AfDB, the World Bank and bilateral donors.

6. At the April 1991 SDA steering committee meeting in Paris, this proposal for a country-focused, country-driven programme was endorsed. At its June 1991 meeting, the UNDP Governing Council considered the findings of the interim evaluation and mandated the new focus for activities in this area.

7. This mandate is conveyed in Governing Council decision 91/26 of 21 June 1991, "Implementation of evaluation recommendations", which requested the Administrator to implement the following recommendations of the fourth meeting of the steering committee of the SDA project, as presented on 10 April 1991 in Paris:

(a) SDA should continue to focus on the development and execution of such projects on a country basis;

(b) SDA country projects should concentrate on policy analysis and policy advice;

(c) The SDA project needs a clearer priority focus;

(d) SDA reports should be more problem oriented; and

(e) The function of the steering committee should be clarified.

8. After extensive consultations with the AfDB and the World Bank, UNDP determined that the proposed country-focused, country-driven orientation of the new programme will be better supported at the country level, using country-dedicated resources, including appropriate indicative planning figures (IPFs). Given the World Bank's commitment to furthering the statistical activities started under the SDA project, these activities will continue to be undertaken by the Bank with the support of bilateral donors.

9. During the fifth programming cycle, UNDP will concentrate on the human development and capacity-building dimensions of the programme at the regional level. It will finance a new project on Poverty Alleviation and Macroeconomic Reforms in Africa (PAMRA). The new Africa regional project is being developed in collaboration with United Nations specialized agencies and African institutions and will encompass the issue of poverty and social concerns within the broader context of overall macroeconomic (including structural adjustment) reforms. This project will support the development of an Africa-wide policy analysis network aimed at enhancing the capacity to:

(a) Monitor the macroeconomic reform process in Africa;

(b) Design appropriate options for poverty-sensitive interventions; and

(c) Promote the effective use by policy makers of the enhanced capacity for policy analysis and programme design within the region.

10. This new project will be linked to a Special Programme Resources (SPR)-funded project designed to extend the lessons of adjustment and overall macroeconomic reform outside the Africa region and to make the reform experience in other regions available to African policy makers. Thus, the SPR funds will supplement IPF resources for strengthening the capacity of African and other developing countries to take charge of managing their own policy reform processes.

II. SPECIFIC OBJECTIVES AND STRATEGIES OF SPR ACTIVITIES

11. The specific objectives of the SPR-funded activities are, first, to integrate into the policy dialogue in other regions the results of experience and research in the Africa region and to enable African researchers and policy makers to benefit from experience of other regions; and, second, to strengthen the capacity of research institutions and policy makers in developing countries to monitor the social impact of the adjustment process.

12. Activities for achieving these objectives will be designed with a global perspective in order to make available to non-African least developed countries (LDCs) undertaking stabilization and adjustment reforms the lessons of the SDA experience in Africa. Such countries as Guyana, Haiti and Jamaica in the Latin America and Caribbean region; Bangladesh, Pakistan, Papua New Guinea and the Philippines in the Asia and Pacific region; and Algeria, Egypt, Jordan, Morocco and Yemen in the Arab States region can benefit from lessons

drawn from the African experience, and vice versa. Eastern European countries currently undertaking macroeconomic and structural adjustment programmes can also draw on the African experience.

13. Strategies for achieving these objectives include: the promotion of networking among research institutions in different regions for conducting policy-relevant studies on the adjustment reform experience; the support of interregional forums in which policy makers and policy analysts from different regions can learn from each other's experience; and the strengthening of capacities in developing countries to integrate policy-related findings into their reform programmes.

III. GENERAL GUIDELINES

Project quality and project impact

14. It is expected that the project will strengthen the capacity for more effective monitoring of the social and distributional effects of changing economic trends and for more informed analysis, design and implementation of socio-economic policy interventions.

Type of activities to be financed

15. SPR funds will be used to promote regional and interregional networking among research institutions in developing countries. They will also support the preparation and dissemination of research and policy studies on the social dimensions of the adjustment process and provide forums which bring together researchers and policy makers from various developing countries. Furthermore, they will be used as a catalyst in IPF-funded activities to strengthen the capacity of developing countries to own and manage policy reform processes.

Eligibility

16. All developing countries undertaking macroeconomic reform programmes will be eligible.

Limitations

17. No limitations are foreseen.

Use of United Nations system expertise

18. PAMRA, the Africa regional project, will involve extensive collaboration with such specialized United Nations agencies as the Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development (IFAD), the International Labour Organisation (ILO), the Department of Technical Cooperation for Development (DTCD), the United Nations Population Fund (UNFPA) and the United Nations Children's Fund (UNICEF), as well as such African institutions as the Council for Development

of Economic and Social Research in Africa, located in Dakar, Senegal, and the Ibadan University Centre for Econometric and Allied Research in Nigeria. It will establish the necessary links with the UNDP/UNFPA/UNICEF global project on monitoring the achievement of social goals. It will also draw on the collective expertise of FAO, IFAD and the ILO for strengthening the capacity for independent monitoring of macroeconomic reforms in Africa. SPR funds will be used to extend these activities beyond Africa, with expanded use of United Nations system expertise.

Complementary use of country, interregional and global IPFs

19. The SPR-supported component will be coordinated closely with complementary activities funded by the intercountry programme for Africa. In addition, it is expected that the activities financed by SPR will result in the use of national IPFs to support capacity-building activities in the area of social policy and its integration into macroeconomic policy formulation.

IV. SPECIFIC CRITERIA FOR APPROVING THE USE OF SPR FUNDS FOR INDIVIDUAL ACTIVITIES

20. The following criteria will be applied:

(a) Relevance to the development of poverty-sensitive economic reforms and improved social policy and planning in countries undergoing structural adjustment;

(b) A clear contribution to the promotion of networking among policy makers, policy analysts and researchers in developing countries; and

(c) Linkages between SPR-funded activities and activities funded by national and regional IPFs.

V. PROCEDURES FOR DESIGN, APPROVAL AND IMPLEMENTATION OF ACTIVITIES

21. The new project requires $5.3 million, of which $1.3 million will be funded by SPR under the fifth programming cycle.

22. The project will be executed by the UNDP Office of Project Services (OPS). It will be subject to the normal Project Appraisal Committee and Action Committee approval process. The activities of the project will be guided by a technical committee comprising representatives of the regional bureaux and the Bureau for Programme Policy and Evaluation (BPPE). OPS will subcontract some activities to specialized United Nations agencies and research institutions in developing countries.

Headquarters review and approval of project documents

23. Proposals for activities which meet the criteria specified in section IV above will be submitted by the developing country institutions and United Nations agencies and reviewed by the technical committee.

Monitoring and evaluation

24. The SPR-funded activities identified above will be closely monitored by staff of the regional bureaux and BPPE, as well as UNDP field offices. The latter will report on progress to headquarters every six months. Furthermore, the SPR-funded activities will be subject to a mid-term evaluation and a terminal evaluation in 1996, in association with the Central Evaluation Office.

25. By focusing SPR-funded activities at the regional and interregional levels, coordination will be strengthened with such other major initiatives as the African Capacity-Building Initiative (ACBI) and the National Long-Term Perspective Study (NLTPS) and with the research programme being developed for the fifth programming cycle. This coordination will also ensure that the work undertaken in this project will contribute to the development of a more coherent UNDP approach to structural adjustment for the 1990s.

VI. FUNDING REQUIREMENT

26. The activities financed by SPR will require $1.33 million for the fifth programming cycle, 1992-1996, with $600,000 of that amount earmarked for 1992-1993.